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Thailand

Exporter Guide

Report

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Report Highlights:
This guide serves as a resource for U.S. companies seeking to do business in Thailand, and provides practical tips and information on local business practices, consumer preferences and trends, food standards and regulations, import and inspection procedures. This guide also identifies opportunities and entry approaches for the three market sectors (food retail, food service, and food processing). Finally, this guide identifies the best high-value product prospects and key contacts.

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Section I. Market Overview

The Kingdom of Thailand is popularly known by the Thai food and agricultural industry as the "Kitchen to the World." Thailand is the Southeast Asia's second largest economy and has experienced strong annual economic growth in recent years. Although the September 19 coup may affect the confidence of some foreign investors, the new government led by the new Prime Minister, General Surayud Churanont, will have the legislative power to pass the 2007 budget. Therefore, the Thai economic situation remains healthy. It is estimated that the Thai growth rate should be over 4 percent in 2006 and be slightly reduced to around 4 percent in 2007. For 2006, exports and domestic consumption are the major economic factors driving the Thai economy and, as a result of a decline in oil prices, pressure on the Thai economy has improved.

U.S.-Thailand Trade of Consumer Oriented Agricultural Products					
(m; US$ per year)	**2001**	**2002**	**2003**	**2004**	**2005**
Imports from Thailand	326	373	450	498	543
Exports to Thailand	68	82	84	114	136
Trade Balance	**-258**	**-291**	**-366**	**-384**	**-407**
Source: USDA Foreign Agricultural Service - Bangkok, Thailand					

During January-August this year, agricultural exports expanded by 17.8 percent, industrial exports by 14 percent, and other exports by 25.8 percent. Overall economic stability is expected to remain favorable. The unemployment rate declined from 3.6 percent in 2000 to 1.7 percent in 2005 and according the Ministry of Labour, the unemployment rate as of June 2006 is 1.5 percent. During 2005, Thai Baht moved in the range of 38.21 to 42.02 Baht per dollar, and the average rate for 2005 was 40.22 Baht per US dollar. Minimal economic impact has been detected since the transition of political power in Thailand on September 19. The Thai Baht has become stable after a slight 2 percent depreciation.

Thailand is currently the 18th largest export market for U.S. agricultural products including fish and forestry products. In 2005, Thailand imported $136 million in consumer oriented foods from the U.S., up 19 percent over 2004's $114 million. Corresponding U.S. imports from Thailand were $543 million, up 9 percent. Exports have been among the key engines maintaining Thailand's economic stability since 2005, despite increasing concerns over the volatile global economy.

Change in Thai Food Import Mix from the U.S.					
(m; US$ per year; % of total)	**2001**	**2002**	**2003**	**2004**	**2005**
Bulk & Intermediate	**502**	**528**	**600**	**571**	**539**
%	84%	83%	83%	78%	76%
Consumer Oriented	**68**	**82**	**84**	**114**	**136**
%	11%	13%	11%	15%	19%
Edible Fishery	**31**	**29**	**41**	**49**	**37**
%	5%	4%	6%	7%	5%
Total	**601**	**639**	**725**	**734**	**712**
Source: USDA Foreign Agricultural Service - Bangkok, Thailand					

Total exports of U.S. foods (including bulk and intermediate, consumer oriented, and edible fishery) to Thailand have shown tremendous growth over the past five years. For example, exports to Thailand jumped from $601 million in 2001 to $644 in 2005. The fastest growing segments are consumer oriented agricultural products (19 percent), edible fish and seafood products (4 percent), and bulk and intermediate products (2 percent). The mix of products exported to Thailand from the U.S. has remained stable; bulk and intermediate account for 76 percent followed by consumer-oriented products with 19 percent and edible fishery products with 5 percent in 2005.

High duties on agriculture and food products are a major hurdle for exports of high-value U.S. food products. Duties on imported consumer-ready food products range between 30 percent and 60 percent. Tariffs on meats, fresh fruits and vegetables, and processed foods are likewise high, even for items with little domestic production. Frozen french fries, for example, are not produced in Thailand, but face a high tariff of 30 percent (WTO bound rate for 2006). When import duties, excise taxes, and other surcharges are calculated, imported wines face a total tax of nearly 360 percent. The tariff on apples stood at 10 percent, while pears and cherries saw a tariff as high as 30 percent and 40 percent (2006 WTO bound rate) respectively.

The Free Trade Agreement between Thailand and the U.S., which began in mid 2004 and takes aim at market access barriers such as the high tariffs in Thailand. FTA would be particularly beneficial for U.S. agricultural producers, remove existing trade barriers and create new opportunities for U.S. agricultural exporters in this major market. Reducing Thailand's high tariff on imported agricultural products is of crucial benefit to the U.S. agriculture. It also helps ensure that U.S. exporters are not put at a disadvantage with their key competitors from countries such as ASEAN, China, Australia, New Zealand and India, which already have preferential trade agreements with Thailand. Political unrest caused progress on FTA talks to stall in early 2006. At this time it is not clear when FTA negotiations might resume.

Thailand offers many opportunities for alert U.S. exporters. Some examples include:

- Thailand, covering 198,114 square miles, is situated in the heart of Southeast Asia and is considered as the gateway to Southeast Asia. Thailand borders with Laos in the north and northeast, the Union of Myanmar in the north and west, the Andaman Sea in the west, Cambodia and the Gulf of Thailand in the east, and Malaysia in the south. With a population of 65 million, Theravada Buddhism is the national religion and is actively practiced by about 95 percent of Thais, with the remainder practicing Islam, Christianity, Hinduism and other faiths. About 51 million Thais are aged over 15 years.
- The size of the work force now exceeds 37 millions, of which 54 percent are male and 46 percent are female.
- The minimum wage in Thailand is roughly $4.63 per day in Bangkok, and between $3.52-4.55 per day in other provinces.
- A literate population due to increased overseas studies, international travel, access to Internet and cable TV.
- Over 49 percent of Thai population aged above 6 years old favored snacks. In 2005, about 42 percent of children aged between 6-14 years old ate snacks everyday.
- About 10 percent of the total population lives in Bangkok, which accounts for 90 percent of the sales of fast moving consumer goods.
- Most of medium and high-income people live in the major cities, including Bangkok, Phuket, Chiang Mai, Prachuapkhirikhan, Chonburi, Hat Yai, Nong Khai, Nakorn Ratchasima, Samui Island, Surat Thani, Ubon Ratchatahni and Udon Thani.
- Baht stability and appreciation in 2006 led to an increase in imported consumer-oriented food products from the U.S.

- Thais living in urban areas have become relatively brand conscious and their shopping styles have moved away from the traditional open-air wet markets to modern supermarkets and shopping centers which offer them convenience and a wide selection of products.
- The expansion of retail business, particularly, hypermarkets, supermarkets, modern shopping malls, convenient stores, department stores, etc.
- The demand for imported processed food and raw materials used for re-processing and re-exporting has increased as they are considered better quality than local products.
- Due to the increasing number of women and young adult labor in the work force, the introduction of ready-to-eat and prepared food items is expected to trigger major growth in the convenience food market in Thailand. Moreover, this younger population is very receptive to new food tastes that fit their lifestyles.
- The Tourism Authority of Thailand has set a target to develop Thailand as a tourism hub of Asia. In 2006, tourist arrivals are estimated at 13.5 million, a rise of 20 percent and the revenue generated will be $11 billion, an increase of about 30 percent. The target for tourist arrivals in 2007 has been set at 14.7 million. Tourism revenue is expected to reach $13 billion, representing an increase of 15 percent.
- The hotel occupancy rate in Thailand for 2005: Bangkok-70 percent, Chiang Mai-47 percent, Kanchanaburi-37 percent, Krabi-26 percent, Hua Hin-59 percent, Nakhon Ratchasima-51 percent, Nongkhai-42 percent, Pattaya-58 percent, Phuket-35 percent, and Ubonratchathani-44 percent
- High growth in the number of hotels, resorts and other tourist accommodations leads to an increase in the number of imported food items to support more tourists.
- Upper and middle-income groups in Thailand like to spend money on food, especially during the holidays. Consumption of imported food products peak during New Year, Christmas, Chinese New Year and Thai New Year as gifts of food are given, especially consumer products such as coffee, tea, milk, snack food, jelly, jam, crackers, nuts, fruit juice, wine, beer, whisky, health food and fresh fruit.
- Continuous increases in the number of health-conscious consumers is leading to higher demand for health and functional food and drinks.
- Thai consumers view U.S.-origin foods and beverages as high quality and consistent products, for instance: U.S. beef, French Fries, dried and fresh fruit, nuts, fruit juice, jams, and other products are always rated by local consumers as the best in the world. However, this perspective does not apply to all U.S. products, as some local consumers still think of France first when they think of wine.
- Even though Thai consumers view U.S. products as high quality, they are very price conscious and susceptible to economic swings. There is a high possibility that the low and middle-income group will shift to cheaper products of acceptable quality during an economic recession.

In summary, the Thai market offers many opportunities to U.S. exporters, but it is not without difficulties. To put these opportunities in perspective, some U.S. “Advantages” and “Challenges” are shown in the table below:

Advantages	**Challenges**
• Varieties of superior U.S. high quality agricultural products from fresh to processed food • High opportunities exist for U.S. products targeting niche markets	• U.S. exporters have spotty or incomplete knowledge about the Thai market and at the same time face severe competition from China, Australia, New Zealand, Japan and neighboring countries.

• GDP for 2006 is projected in the range of 4.0-4.5 percent • Increase in Thai consumers' preference for higher quality products	• U.S. products are not always price-competitive compared to imports from other Asian countries due to high tariffs, shipping costs and the long distance to Thailand • Bilateral free trade agreement between Thailand and other countries, particularly China, Australia, New Zealand and India, induces the import of more low-price products from these trade partners
• Local Thai consumers view US-origin products as high quality and safe and are confident in U.S. foods and beverages consistency	• Local manufacturers can improve or change quality of products, tastes or packaging sizes according to changes in consumer behavior and can lower production cost
• Proliferation of retail industry. New retail outlets are expanding which allow consumers in any part of Thailand to get access to new imported products	• Lack of importer and retailer knowledge and training in purchasing and handling of U.S. food products • Strong local brands which are either foreign or Thai origins in many food and beverage products e.g. Nestle, Singha Beer, Chang Beer, Frito-Lay, etc.
• Eating style of Thai people is changing to include more imported food items	• Lack of continuous promotion of U.S. varieties in Thai market. Exporters need to support market promotion campaigns to attract and then build new markets
• The international food service industry is expanding rapidly, both in numbers of companies entering the market and in numbers of outlets. Most major international fast food companies are represented in Thailand, including McDonalds, Burger King, KFC, A&W, Pizza Hut, Auntie-Anne's, Baskin Robbins, Swensen's, Delifrance, Starbucks, Subway etc. The rapid growth of the fast food sector is stimulating many related businesses such as bakery products, dairy products, meat and poultry etc.	• Local production is increasingly substituting traditional food imports. Snack foods, salad dressings, sauces, jams and other processed foods that are relatively inexpensive, but have high freight costs, are increasingly produced locally.
• Increase in niche markets with higher incomes and high premium product preferences	• Market penetration for imported products is concentrated in Bangkok and major tourist-destination provinces mostly
• The booming tourism industry is ratcheting up demand for HRI products, especially U.S. beef, turkey, seafood, wine and seasonings which can be used in American, French, Japanese and other international style restaurants	• American style food products mass produced locally cost less

• Reliable supply of U.S. agricultural products and advanced U.S. food processing technology	• Thai government's policy and actions try to increase demands for Thai local products • Food safety concerns
• Government's policy to support the development of value-added production, this will boost the demand of food ingredients, especially new ingredients	• Some food ingredients can be produced locally
• Good relationships with foreign suppliers	• High import tariffs on high value consumer food and beverage products, especially U.S. meat products, wine, whiskies, cherries, peaches, plums, pears, French fries, etc.
• Thai importers prefer to deal with quality and reliable U.S. suppliers who are able to supply products at competitive prices	• Lack of trader and consumer awareness of U.S. products, while marketing costs to increase consumer awareness are high
• Thailand's beneficial geographical location is viewed as a gateway to the larger Indochina and other Asian markets	• Due to the high import tariffs on U.S. products, most Thai importers have shifted to import products from other Asian countries, especially Australia, China, Malaysia, and Singapore
• Increasing Thai exports of food products drive demand for food ingredients. • Increasing demand for using imported ingredients for innovative products. • Growing number of companies paying attention to quality over cost for food ingredients.	• US products, especially soya based products, are experiencing some issues with GMO content. There is no problem with food products destined for local consumption, but there are issues for export products to countries such as EU and Japan.

Section II. Exporter Business Tips

The following are a number of thoughts, collected from a variety of sources, on exporting food products to Thailand. Some are obvious, but warrant repeating, while some you may never have considered. They are organized under three topics: communicating, meeting, and exporting. We hope these suggestions will prove useful in your efforts to build food exports to Thailand.

Communicating

- When greeting a Thai, use the word Khun (pronounced coon) in place of "Mr." or "Mrs." and the person's first name, which is listed first on his or her business card. For example, a Westerner with the name "Peter Moore" would be called "Khun Peter". Among Thais, family names are not usually used. Most Thais refer to each other by their first names only. Never refer to yourself with the word Khun; simply say your first name. Thais will probably address you by using "Mr." or "Mrs." and your first name.
- Introductions: foreign companies may write directly to Thai companies, although personal introductions will always enhance a firm's credibility and acceptance.
- Most Thais greet someone by bowing slightly towards them while bringing the hands pressed together in a praying position between the chest and forehead. The exact location of the hand depends on the level of respect being offered –– the height and

depth of a person's bow indicates social status. This gesture, known as a "wai", can be used when greeting someone on arrival and departure, and also when saying, "I am sorry" or "thank you." There is no need to wai taxi drivers, secretaries, clerks, and other support or service people.
- It would behoove foreign businesses to hire a representative or agent with local connections, especially if they intend to buy from or sell to Thailand. Assess any local representative or partner's political relationship, as the government is still very much involved in the private sector. Networking with government officials and/or correct authorities can be the key to doing business successfully, especially if your firm intends to do a major project. Although a local representative is often the best choice, monitor your representative closely and require measurable performance.
- Keep in mind that in most of Asia that dates are shown in day/month/year format, ex. 05/12/06 means December 5, 2006. To avoid confusion, you may want to use the full date in correspondence.
- Have some fun and try to learn a few words of the local language, especially social greetings. This shows to all your interest in the country.

Meetings
- Avoid business visits during the New Year Festivals (both the Chinese and Thai ones).
- Heavy traffic is the most common excuse for tardiness.
- Business cards are always exchanged at the first meeting. It is important to carry a sufficient quantity; failure to offer a business card may make Thais suspicious of your position and authority. Be sure your card indicates your position and responsibility. And be sure to have your personal information in Thai on the back of the card. Don't throw or slide your card.
- Begin initial meetings with casual conversation on such topics as your travels, the beauties of Thailand, possibly questions about your counterpart's overseas experiences.
- Avoid topics relating to politics, the royal family, and religion. A little praise of the country and the Thai people goes a long way.
- Never touch or point with your feet. It is consider rude to cross your legs and point your feet at someone. Thais place a great importance on appearance and politeness.

Exporting
- It is essential to visit the market to conduct market research, especially for product testing, price comparisons, and for reviewing export statistics of the last 3-5 years.
- Localize your products: adjusting the product for local tastes, verifying consumers' preferences and setting your products' price to be very competitive.
- U.S. exporters should locate the best distribution channel (e.g. local importers, distributors, supermarkets, retailers, etc.) and establish a good relationship with them, as they are very useful in facilitating and promoting exports of U.S. consumer-ready foods to Thailand.
- Trade fair participation is another way to raise awareness of your product.
- In Thailand, some large manufacturers and retailers import raw materials or products directly while medium, small manufacturers, retailers, as well as hotels, prefer to purchase products from local importers. But there are exceptions to this rule.
- Successful U.S. exporters must provide reliable product availability, consistently supplying a quality product, technical support, information support, and accurately responding to inquiries within 24 hours as Australia and New Zealand are just a phone call away in a similar time zone.
- Understand that there is likely only one decision-maker in a company, and that person often is not the purchasing manager.
- Product Registration: Applications for product registration should be submitted to the Food Control Division, FDA. The approximate amount of time required for product

registration, starting from submitting the application, is about one month. However, delays are usually caused by inaccurate or unacceptable details in the documents. There is little chance for licensing a product unless the manufacturer or exporter provides the necessary details required by the FDA.

- The product should be packed and shipped for a tropical climate and have clear storage instructions. This is especially important, as few cold storage or air-conditioned facilities and delivery trucks exist.
- When introducing new products, several factors should be kept in mind. Thai consumers from middle to upper income groups have an aversion to low quality products and are attracted to branded products. They also tend to be image conscious. Existing brand loyalties are most likely to be broken by new products that are of good quality, well packaged, distributed, promoted and competitively priced, rather than cheap products.
- Be patient and think long term. It is not unusual to visit the market 2-3 times before details are finalized.
- Study the most recent Food and Agriculture Import Regulations and Standards (FAIRS) Report for Thailand. This concise document - covering food laws, labeling requirements, food additive regulations, pesticide and other contaminants, import procedure and other key regulations, requirements and specific standards-should be required reading for all exporters and is available on the internet at http://www.fas.usda.gov/
- Contact, after reviewing the foregoing, the Foreign Agricultural Service in the U.S. Embassy, Bangkok (agbangkok@fas.usda.gov) with any remaining questions on issues such as standard, tariffs, regulations, labeling, and other concerns.

Section III. Market Sector Structure & Trends

According to Euromonitor, one notable trend is the large proportion of consumer expenditure on retail food compared to food service sector. The retail market share of consumer expenditure accounts for more than 70 percent of total food spending, while consumers are allocating a lower proportion of their expenditures to food service (30 percent). This reflects a general tendency among Thais to cook at home rather than dine out, particularly among residents living in rural areas. This coincides with a preference among consumers for traditional cooking methods and authentic styles of cuisine. An increase in eating out and patronizing restaurants in specially prominent among the younger generation, as well as working professionals, as it is more convenient and efficient than cooking at home. Some people rarely cook at home, as they can buy foods, which are cheaper, more acceptable to the family and more varied than they could make themselves. Furthermore, the increasing number of food establishments in the market also resulted in a considerable increase in food service.

Tourism is Thailand's second-biggest source of foreign currency revenue after exports, accounting for 6 percent of GDP. In 2005, tourists in Bangkok and Chiangmai spent about 25-30 percent on shopping activities – the largest share. In general, low cost products, unique Thai traditional products, and in particular different retail concepts ranging from department stores to large-scale flea markets attract tourists. Accommodation expenditure constituted a significant 25 percent share for other major tourist expenses. In 2007, Thailand will focus on the "Thailand Unforgettable" as the tourism promotion campaign and it is expected to bring in about 14.7 million international tourists into the country.

Tourism Spending								
(m; US$ per year; % of total)	Bangkok	%	Chiangmai	%	Pattaya	%	Krabi	%
Accommodation	1,856	21%	165	21%	393	33%	53.57	29%
Food and Beverage	1,369	16%	116	15%	234	19%	35.56	19%
Excursion	394	5%	59	8%	68	6%	20.99	11%
Travel within country	824	9%	62	8%	90	7%	14.83	8%
Shopping	2,142	25%	241	31%	206	17%	33.83	18%
Entertainment	1,951	22%	95	12%	183	15%	17.11	9%
Other expenses	184	2%	36	5%	32	3%	7.92	4%
Total	8,721	100%	774	100%	1,206	100%	183.82	100%
Source: USDA Foreign Agricultural Service - Bangkok, Thailand								

Tourism Spending								
(m; US$ per year; % of total)	Phuket	%	Nakhon Ratchasima	%	Karnchanaburi	%	Hua Hin	%
Accommodation	175	8%	33	3%	34.65	18%	52.45	27%
Food and Beverage	124	6%	39	3%	42.24	22%	42.14	22%
Excursion	68	3%	9	1%	12.88	7%	9.58	5%
Travel within country	81	4%	18	2%	26.96	14%	17.32	9%
Shopping	132	6%	40	3%	33.36	18%	42.57	22%
Entertainment	93	4%	18	1%	27.85	15%	21.84	11%
Other expenses	28	1%	8	1%	11.07	6%	5.06	3%
Total	2,130	100%	167	14%	189.03	100%	190.96	100%
Source: USDA Foreign Agricultural Service - Bangkok, Thailand								

Retail Sector

Thailand's retail trade sector is a vital component of the Thai economy accounting for a 15 percent share of GDP. Thailand's retail sector experienced a rapid increase in new investments from both local and foreign players since 2003 despite economic uncertainty. Driven by its hypermarkets and convenience stores, Thailand is the second most dynamic retail market in Asia after China. According to AC Nielsen, about an 8 percent increase in sales for the Thai retail sector is expected and 10 percent of sales has passed through convenience store channel. Half of all urban shoppers visit a convenience store on a weekly basis, with an average number of visits about 2-3 times per week.

Multinational retailers have dominated Thailand's modern food retail market with continued aggressive store expansion in 2000-2002, especially in the hypermarket segment. The majority of these investments have come from the leading international retail chains: UK-based Tesco with its Tesco Lotus stores, Big C Supercenter of Casino Guichard-Perrachon SA of France, Carrefour of France, and Netherlands-based Makro. About 90 percent of urban Thai shoppers use hypermarkets at least once a month. In 2005, the average Thai consumer spent is about $122 per month on retail products, of which 49 percent has been spent on fresh food. These modern trade companies, especially the larger firms, represent excellent opportunities for U.S. exporters of consumer food items. Intense competition in the retail market, particularly from these large-scale modern trades who use price strategies and loan extensions to low-income consumers, led to the closure of many traditional stores. As a result, the retail market structure continually changes, with modern retailers such as hypermarkets, supermarkets and convenience stores continuously gaining market share and traditional retailers gradually losing their position.

Since the beginning of 2003, hypermarket expansion in Bangkok is experiencing decelerating growth, given the fewer new hypermarket construction projects underway. This is due to the difficulty in locating new business opportunities/areas for further store expansion. It is projected that retail business competition in the future will be more in the form of innovative channels to meet consumer demand; branches to cover more areas, and searching for newer and better products to offer to customers. In addition, the flow of local shoppers has been diverted from department stores, wet markets and grocery stores to hypermarkets and supermarkets. Therefore, supermarkets and hypermarkets are the best method of entry for U.S. exporters to enter Thailand's retail food market and offer a variety of quality products at competitive prices to satisfy Thai customers' desires.

Large convenience store chains like CP's 7-Eleven are recommended for selected foodstuffs. The CP group is redesigning 7-Eleven outlets to focus more on food products by raising the number of food items to be 90 percent of total products, up from 70 percent, or 1,700 items at present. It is estimated that by the end of 2006, the number of 7-Eleven stores in Thailand will reach 3,750. The main factors U.S. exporters should consider for U.S. food products are pricing, shelf life of the product, and customer preferences. The traditional 'Mom and Pop' stores and wet markets in Thailand are not ideal entry points for U.S. exporters as price sensitivity and preferences for traditional diets by the end consumers in this sector are not a good match. U.S. exporters should be aware that many U.S. branded food products such as snack foods, candy, chocolate and breakfast cereals are present in the market as locally or regionally produced food products. The ASEAN Free Trade Area (AFTA) is one of the major factors contributing to shift in manufacturing bases.

Most of the supermarkets and hypermarkets in Thailand have their own house brands for ready-to-eat foods, ready-to-cook prepared foods, home-made bakery items, TV dinners, sausages, water, cooking oil, rice, sauces, cereals, dairy products and fruit juice. Thai consumers are moving toward these house brand items for some particular products due to their cheaper prices, especially food items when they cannot differentiate the products' value - especially items such as sugar, fish sauce, bottled water, etc. There is high opportunity for the private label products to grow in this market since the market share of private label products is only 1 percent compared to its 18 percent growth rate. Almost hypermarket and supermarkets also provide space for fast food outlets, kiosks, a laundry, a florist, bookstores, a photographic store, movie rental stores and restaurants. They also have their own distribution centers to ensure product freshness and operation efficiency.

Entry Strategy – Supermarkets, Hypermarkets and Cash and Carry

The best method for U.S. exporters to sell to supermarkets, hypermarkets or cash and carry is to directly contact supermarkets, discount stores, hypermarkets, and cash and carry, which import direct, and to contact importers and distributors. U.S. exporters should be aware that many multinational retailers in Thailand charge listing fees or a listing allowance for new products. The fee will be charged in accordance with a formula based on the number of retail outlets and SKU (stock keeping unit).

Distribution Channels - Supermarkets, Hypermarkets and Cash and Carry

The distribution channel to supermarkets, cash and carry, and hypermarkets in Thailand normally begins with importers and goes to distributors, then to a central warehouse or direct to retail outlets. The foodstuffs will be kept either in the importers' warehouse, distributors' warehouse, or a central warehouse before delivery. Some supermarkets, superstores and hypermarkets operated by multinational operators import food products directly and keep them at their own distribution centers before delivery to each outlet.

Entry Strategy - Convenience Stores, Gas Marts & Kiosks

The best method for U.S. exporters to enter this Thai market segment is to contact the head office of convenience stores, gas marts and kiosks. U.S. exporters should be aware of the listing fee or listing allowance that may be charged by large convenience store chains. The fee will be charged in accordance with a formula based on the number of outlets and SKU.

U.S. branded food sold in these C-stores is generally produced in Thailand or in neighboring Southeast Asian countries. This group of products includes snack foods, chocolates, cookies, candies, gums and breakfast cereal. Distributors import U.S. branded food from neighboring countries rather than from the United States because of the low cost and AFTA preferential tariffs. Trends in the sales of imported food for C-stores versus locally produced will decrease gradually from five to zero percent, in line with the purchasing power of the target group. U.S. products will be well received by Thai consumers in C-stores if price and quality is similar to what local suppliers offer.

Distribution Channels - Convenience Stores, Gas Marts & Kiosks

A common distribution channel to convenience stores, gas marts and kiosks flows from U.S. exporters to U.S. consolidators and traders to Thai distributors to C-stores, gas marts and kiosk distribution centers. Some Thai distributors distribute foodstuffs directly to C-stores, gas marts and kiosk outlets. Most of the foodstuffs that are distributed directly to the outlets are fresh, including baked goods and dairy products. The flow pattern of different retailers varies depending on the sales volume and number of outlets. A key ingredient in the success of the larger retailers is control of their own distribution centers.

Entry Strategy - Traditional Markets

For U.S. exporters, Thai traditional wet markets are more difficult markets to enter considering the expected purchase price of products, low consumer purchasing power, the size and traditional distribution channels of the outlets, and consumer preference for traditional Thai and Chinese food.

Distribution Channels - Traditional Markets

Usually local manufacturers will have their own distributors to distribute their products. Some local producers are under supervision of a Royal Project in which assigned distributors manage the distribution.

Best Market Prospects

The best market prospects for U.S. suppliers include breakfast cereal, frozen seafood (scallop, lobster, fish, mussel), fruit juices, instant and ground coffee, jam, nuts (walnuts, hazel nuts, macadamia nuts), canned soup and fruits, candy, chocolate, chocolate milk mix, dairy products (cheese, cheese spread, cream cheese, whipped cream, cheese sticks, cheese dip and ice-cream), dips, fresh fruits (cherries, grapes, peach, plums, nectarine, berries, grapefruit, apples), frozen pizza, frozen peas, pie fillings, frozen processed turkey, dried fruits, red meat, American spices, seasonings and sauces, snack foods, syrup, vinegar, wine, spirits and pet food.

The best selling U.S. food products are U.S. beef, U.S. Turkey, fresh fruits (cherries, grapes, and WA apples), frozen French fries, scallops, snack foods, breakfast cereal, wine, dried fruits, and pet foods. Products that are not currently present in the market in significant quantities but have good sales potential are American bourbon and whisky, seafood including Alaska King crab legs, halibuts and other fishes, fruit juices, biscuits, candy, peaches, pears, plums, nectarines, chocolate milk mix, cheese, dip sauce, other cooking products.

Further Information

Further information on this area is available in A Market Brief on Thailand's Retail Food Sector Report, which can be obtained from the FAS homepage at http://www.fas.usda.gov

HRI Food Service Sector

Thailand's large HRI food service sector comprises approximately 150,000 outlets including some 100,000 restaurants and more than 5,000 hotels and resorts. Hotels, resorts, restaurants and institutional contracts are the heavy users of imported food for food preparation and ready-to-eat meals at restaurants, catering services for airlines and cruise lines. This is because this sector attracts middle to higher income Thais, Thai corporate businessmen, resident expatriates, and tourists. Thailand tourism is an important component of the service sector that generated approximately 406.5 billion Baht ($10 billion) revenue in 2005. This industry is one of the key factors, which provided the engine power for Thailand's quick economic recovery. For the entire year of 2005, the international tourist arrivals to Thailand totaled 11.4 million, down by 2.5 percent and the average hotel occupancy rate was at 60.6 percent, down from 63.5 percent in previous year.

Tourism Indicators

	2004	2005	2005			
	Year	Year	Q1	Q2	Q3	Q4
No. of foreign tourists (Mil.)	11.7	11.4	2.7	2.5	2.9	3.3
% change (from the same period last year)	16.5	-2.5	-10.1	-1.2	-1.1	2.4
Income from tourism (Bil.USD)	2.6	10.1	2.5	2.2	2.5	3.0
Occupancy rate (%)	63.5	60.6	62.9	54.7	60.7	64.3
Room rates (USD)	31	32	34	30	30	34

Source: Tourism Authority of Thailand and Bank of Thailand

Food and beverage sales of hotels and resorts accounts for about 30 percent of total revenues. The average rate of imported food versus locally produced food in the entire HRI sector is 30 percent; the U.S. has approximately 15-20 percent of the imported product share. U.S. beef, seafood (lobster, Alaska king crab legs, scallops, etc.), wines, potato, seasonings, etc are well known in the hotel/restaurant trade, and with airline catering companies. Thai Airways International uses 30-40 percent imported food in their in-flight catering service.

General restaurants have been replaced by chains of restaurants such as Oishi, Fuji, Zen, S&P, Black Canyon, MK Suki, Grayhound, etc. Sidewalk restaurants have been continually replaced by food centers and food courts, which are more hygienic and more convenient. Food centers and food courts can be seen in most of the department stores and office buildings. Fast food and chain restaurants have boomed for the last few years and are expected to continue to do so for the next few years. Hot and cold drinks including coffee and ready-to-eat foods are served in convenience stores and stand alone outlets.

Retail Consumer Expenditure on Alcoholic Drinks 2000-2005						
(m; US$)	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
Total	3,311	3,225	3,555	4,128	4,706	5,251
Source: Euromonitor						

The consumption of alcohol beverages continued to rise even though the government has tried to launch many campaigns against drinking behavior including the limit of duration for the sale of liquors. The proportion of young people, aged between 15-24 years old, drinking alcoholic beverages, increased from 21.6 percent in 2001 to 23.5 percent in 2004. Nevertheless, there is a decrease in consumption of alcoholic beverages for the people in other ages.

Entry Strategy

Direct contact with local food service importers is the best entry for U.S. exporters. Normally the hotels and resorts do not import food directly. It is easier for hotels and resorts to order from food service companies because they have specialized in providing high quality U.S. products to the five-star hotel and restaurant industry. Restaurants such as fast food chains or family style restaurants, also order and purchase imported food from food service companies or from their affiliate companies who act as their distributors. Five star hotels and resorts are highly recommended for U.S. exporters. International food restaurants located in prime areas of Bangkok, Phuket, Hua Hin, Krabi, Chiang Mai, Samui Island and Pattaya are secondary recommendations for U.S. exporters. Direct contact with Thai Airways International's catering department is also recommended.

Best Market Prospects

Best market prospects for U.S. suppliers include U.S. beef, turkeys, seafood such as U.S. fish (halibut, king salmon, cod), Alaska king crab, scallop, mussels, and oysters; spices, seasonings and sauces; baking products, canned foods (soup, fruit and vegetables), dairy products (cheese, cheese spread, cream cheese, whipped cream, sour cream, cheese dip, ice-cream, dips), fresh fruits and vegetables (radish, celery, carrots, apples, grapes, cherries, avocados, blueberries, grapefruit, oranges), frozen berries, pie fillings, frozen peas, fruit juice (apple, prune, orange, grape, sparkling white grape), jam and jelly, nuts (walnuts, hazel nuts, macadamia nuts), dried fruits, pickles, ready-to-mix pancakes, cookies, muffins and cake, syrup, vinegar, wine and whisky.

Food Processing Sector

Thailand has become one of the leading food producers in the world and is the largest food exporter among all Southeast Asian countries. There are over 10,000 food-processing companies in Thailand, the majority (80 percent) of which are small sized establishments and cottage industries. Currently, Thailand is among the top food-exporting countries in the world. Reflecting Thailand's state of economic development, the average household spending on food & beverages is in-between that of the Philippines (around 40 percent) and Singapore (around 13 percent). The total value of spending on food & beverages will rise by an average of more than 7 percent a year, from an estimated $26 billion in 2004 to $38 billion in 2009.

The country is a leading supplier of a wide variety of commodities and/or products including rice, rubber, cassava, sugar, seafood, poultry meat, frozen, ready-to-eat foods, and fresh hand processed fruits and vegetables. Thailand's food processing sector is heavily export-oriented with more than 50 percent of production sold outside the country. Approximately

67 percent of exports are processed seafood products. Thai food processors import large quantities of food ingredients for the food processing industry, which are not available locally.

Although domestic ingredients hold the greatest share of the market, these items tend to be low-value, high-volume raw and semi-processed products such as grains, vegetable oils, and starches. Higher value and more technology-based ingredients are generally not available locally and must be imported. The food ingredient market is growing continuously due to increases in population and in purchasing power; increases in the number of dual income families; and new product development.

Followings are some general characteristics of the Thai food processing industry:

- Thailand's food processing industry has been developing at a rapid pace throughout the past decade despite suffering a slight setback during the 1997-1998 crisis. The Thai processed food sector is one of the most developed in South East Asia. Its main products are frozen shrimp, sugar, poultry, canned tuna, confectionery and snacks, canned pineapple and tapioca.
- The Thai market for raw materials is growing. Thai companies primarily supply raw inputs to the food-processing sector. Nevertheless, the import market for these ingredients has been growing continuously. The growth in demand for raw materials is due to the increased localized production of processed products that are in high demand and are expensive to ship long distances;
- Many Thai retail stores are modernizing and increasing their capacity in the refrigerated and frozen foods sections. In addition, modern logistics and technology are being introduced by multinational retail chains to the market;
- Major retail chains purchase directly from processed food producers;
- Increased local production of some traditionally imported foods. Snack food, salad dressings, sauces, jams and other processed foods that are relatively inexpensive but have high freight costs will be increasingly produced locally;
- An increase in the trend of using imported ingredients for innovative products;
- A move toward higher quality ingredients. There are some companies moving towards using better quality ingredients instead of ingredients chosen on the sole basis of cost;
- High investment in capital equipment, improvements in food technology, more stringent sanitary requirements, marketing innovations, and Thai exports of finished food products all have contributed to the increasing demand for food ingredients. Major food exporters have expanded their production capacity through new machinery purchases or upgrades to meet demand for a variety of products in the major markets and to satisfy international quality standards including HACCP and ISO;
- There is a rising awareness of the benefits of healthy foods. In light thereof, natural ingredients are playing an increasingly important role. Nonetheless, some food processors still prefer synthetic chemicals due to the limitations of natural ingredients, e.g. shelf life, consistency, quality of taste, color etc.

Fish and seafood, dried fruits, soybean, milk products, cereals, fat and oils, starches and derivatives, fresh fruit and vegetable products, and coloring were the leading volume imported food ingredients in Thailand. The larger food processors tend to be the ones, which are more export-oriented, their major markets being Japan, the U.S. and the EU. Accordingly, Thailand must produce products of a quality necessary to meet international standards.

Thailand's processed food exports have been increasing continuously, due to a number of factors: the government's efforts to improve the quality of local industries' output to export quality; the processed food sector's efforts to raise quality and sanitation standards; and the introduction of new, ready-to-cook products, mainly for the Japanese and EU markets. Domestic processed food consumption continues to grow, following the increase in Thailand's population, accompanied by a higher proportion of processed food and beverages consumed as income and lifestyles change.

Although domestic ingredients hold the largest share of the market, at the moment, these items tend to be low value, high volume, raw and semi-processed products such as grains, vegetable oils, and starches. Higher value and further processed products are generally not available locally and must be imported. All this expected expansion in the food processing industry should provide many export opportunities for U.S. exporters of food ingredients in the medium- and long- term as this market segment continues to expand.

The Thai food and beverage manufacturing industry has a broader base than many other Southeast Asian food and beverage manufacturing industries. Most of the major Thai food processing companies are also involved in exporting their products to overseas markets. Several trends are influencing the type and quality of inputs used in processed foods:

- Thailand's open trading environment has stimulated the extensive use of imported ingredients by the local food processing industry. This has enabled the industry to experiment and introduce a wide range of new processed products to the market, e.g. prepared frozen foods, processed meats, and new age beverages;
- Thai people have an increased awareness about their health and nutrition. Macrobiotic foods, vegetarian foods, and health foods have become popular in recent years. Although the scope of the healthy foods business is smaller and less advanced compared to Western countries, Thai consumers are steadily becoming more health-conscious and demanding more flavor-intensive convenient health foods;
- Changes in the retail sector have driven changes in the processing sector. The trend in the retail sector is away from small grocery stores and towards supermarkets and hypermarkets. Currently there are approximately over 700 branches of supermarkets and hypermarkets in Thailand. Consumer expectations have also changed significantly. Faced with an increasingly diverse range of products, quality and price, consumers have become more demanding. In response to increasing consumer expectations, large food retailers, especially international companies, are demanding that Thai food manufacturers meet higher quality standards;
- The rapid change in consumption patterns has led Thai food processors to begin investing in ready-to-eat meals and frozen food products;
- The snack foods industry is also benefiting from the trend toward Western foods and more entertainment and tourist centers throughout the country. The increasing popularity of mini-marts and convenience stores are the driving force in the snack foods market. There are over 15 large manufacturers of snack foods in Thailand and a large number of small firms supply snacks to the local market. Several of the larger manufacturers are increasing exports to other Asian countries, Europe and the U.S.;
- The snack market is becoming increasing competitive. Therefore, the snack manufacturers have to differentiate their products by introducing innovative flavouring, especially for potato chips and rice crackers. In addition, consumers are increasing their rate of snack consumption, while trying new snack tastes and varieties.
- Thailand's seafood processing sector is the fourth largest in Asia after Japan, China, and India. More than 90 percent of its output is bound for export markets, so continual improvements in production quality are being made to maintain and expand demand. Canned and frozen products account for 80 percent of the output. The leading products are canned tuna, frozen prawns, squid, and assorted fish.

Entry Strategy

The most effective way for U.S. food ingredients exporters to enter the Thai market is either appoint a reputable and experienced local importer/distributor or contact directly to the food manufacturers. Local firms usually have a good understanding of the market and know how to make direct contact with food manufacturers, government officials and other key contacts. A good local importer/distributor can also provide valuable support in arranging meetings with the manufacturers especially their R&D and manufacturing divisions, translating technical information, and help arrange other marketing and sales activities. Trade shows are also highly effective ways to promote new food ingredient products. Food Ingredients Asia, which will be held in Thailand again in 2007, is usually well attended by Thai and neighboring country food companies.

U.S. market development cooperators are also active in Thailand and other Southeast Asia countries. These groups offer many marketing opportunities for U.S. firms, including trade team visits, technical seminars, local promotional events, and other activities. Cooperators with active programs in Thailand and other regional countries include the U.S. Grains Council, U.S. Meat Export Federation, U.S. Poultry & Egg Export Council, U.S. Dry Pea and Lentil Council, U.S. Dairy Export Council, California Raisin Administrative Committee, U.S. Wheat Association, American Soybean Association, U.S. Potato Board, various U.S. fruit and nut associations, as well as several state and regional groups such as WUSATA, EUSAFEC, SUSTA, and Food Export Association of the Midwest USA.

Best Market Prospects

The best market prospects for food processing include dried fruit and nuts, wheat, maize, dehydrated potatoes, soybeans, food chemicals and additives, flavorings, starch, meat, whey, skim milk powder, juice concentrates and other baking ingredients.

Distribution System

Food processing generally is distributed through two main channels. The first is via traditional importers, who re-sell to local distributors or distribute through their own marketing and delivery network to end-users. As Thailand's food processing industry has grown and become more sophisticated over the past decade or more, food manufacturers are increasingly importing directly from foreign supplies. This is especially true for large, integrated food processors, which export many of their products and are well oriented to international trade.

Further Information

Further information on this area is available in A Market Brief on Thailand's Food Processing Sector Report, which can be obtained from the FAS homepage at http://www.fas.usda.gov

Section IV. Tariff

	PRODUCT	HARMONIZED CODE	QUOTA	TARIFF RATE (for USA) (%)	TARIFF RATE (for USA) Volume		PRODUCT	HARMONIZED CODE	QUOTA	TARIFF RATE (for USA) (%)	TARIFF RATE (for USA) Volume
1	BEEF (Fresh and Frozen)*	0201		50		27	SUGAR CONFECTIONERY	1704.100.007		40	Bt.33.50/kg
		0202						1704.900.001			
2	BEEF OFFALS*	0206.100.007		30		28	CHOCOLATE & FOOD PREP.	1806		40	Bt.33.50/kg
3	MEAT OF SWINE	0203.290.000		30			WITH COCOA				
4	MEAT OF SHEEP/LAMB	0204		30		29	MILKFOOD FOR INFANTS	1901.101.009		9	
5	TURKEY	20724-20727		30		30	OTHER PREPS W/FLOUR MEAL	1901.909.004		9	
6	SALMON,TUNAS,COD,SARDINES	0303		5			OR STARCH				
	MACKEREL AND OTHER FISH					31	BREAKFAST CEREAL	1904.10		20	Bt.16.75/kg
7	CRABS	0306.140.001		5		32	FROZEN FRIES	2004.100.007		30	Bt.25.00/kg
8	SCALLOPS	0307.210.006		5		33	JAMS, FRUIT JELLIES	2007		30	Bt.25.00/kg
		0307.290.003				34	GROUND NUTS	2008.110.004		30	Bt.25.00/kg
9	POWDER MILK & CREAM	0402	X	30		35	OTHER NUTS INC MIXTURES	2008.190		30	Bt.25.00/kg
10	CHEESE & CURD	0406		30	Bt.10/kg	36	ALMOND (ROSTED)	2008.190.014		30	Bt.25.00/kg
11	DRIED PEAS, BEANS,LENTILS	0713		40		37	CANNED PEACH	2008.700.004		30	Bt.25.00/kg
12	ALMONDS, FRESH/DRIED	'0802110001		10	Bt.8.50/kg	38	FRUIT & VEG JUICE	2009		40	Bt.13.40/l.
	IN SHELL & SHELLED	0802120002				39	INSTANT COFFEE	2101.110.010	X	49	
13	PISTACHIOS, FRESH/DRIED	0802.500.008		10	Bt.8.50/kg			2101.120.010			
14	ORANGE	0805.200		40	Bt.33.50/kg	40	INSTANT TEA	2101.200.016		40	
15	GRAPEFRUIT, FRESH/DRIED	0805.400.002		40	Bt.33.50/kg	41	TOMATO KETCHUP	2103.200.004		30	Bt. 7.50/kg.
16	GRAPES, FRESH	0806.100.002		30	Bt.25.00/kg	42	MUSTARD	2103.300.006		30	Bt. 12.50/kg.
17	RAISINS	0806.200.004		30	Bt.25.00/kg	43	OTHER SAUCES & PREP	2103.909.099		5	Bt. 1.25/kg.
18	APPLE (FRESH)	0808.100.003		10	Bt.3.00/kg	44	SOUPS & BROTHS &	2104.100.008		20	Bt.3.30/kg.
19	PEARS & QUINCES	0808.200.005		30	Bt.25.00/kg		PREPARATION	2104.200.004			
20	CHERRIES (FRESH)	0809.200.000		40	Bt.33.50/kg	45	ICE CREAM	2105.000.001		40	
21	PEACHES, INCL NECTARINES	0809.300.002		40	Bt.33.50/kg	46	OTHER FOOD PREP	2106.900		20	
22	PLUMS AND SLOES	0809.400.004		40	Bt.33.50/kg	47	BEER	2203.000.001		60	Bt. 25.00/l.
23	COFFEE	0901	X	30 (in-quota)		48	CHAMPAGNE	2204.100.104		54	Bt. 18.00/l.
				90 (out-quota)		49	OTHER SPARKLING WINES	2204.100.907		54	Bt. 18.00/l.
24	POPCORN	1904.900.003		30		50	WINE	2204210001		54	Bt. 18.00/l.
25	SUNFLOWER/SUFFLOWER OIL	1512.191006		27	Bt.5.00/l.			2204290009			
	(EDIBLE)					51	WHISKIES	2208.300.004		60	Bt. 120/l.
26	SAUSAGES	1601		30	Bt.25.00/kg	52	DOG&CAT FOOD	2309.100.108		9	
								2309.100.905			

Remark: *Inspection fee by Livestock Department is equal to Baht5/kg. for beef and Baht20/kg. for offals

Section VI. Key Contacts & Further Information

A) U.S. Department of Agriculture, Foreign Agricultural Service

The Foreign Agricultural Service in Bangkok maintains up-to-date information covering food and agricultural import opportunities in Thailand and would be pleased to assist in facilitating U.S. exports and entry to the Thai market. Questions or comments regarding this report should be directed to following:

Local:

Office of Agricultural Affairs
U.S. Embassy
120-122 Wireless Road
Bangkok 10330 Thailand
Tel: +662-205-5106
Fax: +662-255-2907
E-mail: agbangkok@usda.gov
Website: www.usdathailand.org

U.S. Mail:

Office of Agricultural Affairs
U.S. Embassy, Box 41
APO AP 96546

Key Contact(s):
Gary W. Meyer, Agricultural Counselor
Corey Pickelsimer, Agricultural Attaché

B) Cooperators

Contact any of the many U.S. non-profit organizations, representing U.S. agricultural products and exporters and do market development activities to promote the various U.S. commodities and high value products in Thailand and other Asian markets. Please note: some of these organizations are located in Thailand and others in neighboring countries such as Singapore have regional responsibilities.

U.S. Dairy Export Council
Southeast Asian Representative Office
Pacrim Associates Limited
11/14 Soi Ruam Rudee
Wireless Road
Bangkok 10330
Tel. (662) 689-6311
Fax (662) 689-6314
E-mail: usdec@pacrimassociates.com

U.S. Dry Pea & Lentil Council
AgriSource Co.,Ltd.
No. 416, 4 th Fl., Ambassador's Court
76/1 Soi Langsuan
Ploenchit Road
Bangkok 10330
Tel. (662) 251-8655/6, 251-8669, 251-8772
Fax (662) 251-0390
E-mail: agsource@loxinfo.co.th

American Soybean Association
Thailand Representative
59/43 Baan Klangmuang
Ladprao 71 Road
Bangkok 10230
Tel. (662) 539-5373, 539-5332
Fax (662) 539-5256
E-mail: asathai@loxinfo.co.th

USA Poultry & Egg Export Council
#15-04 Liat Towers
541, Orchard Road
Singapore 238881
Tel: 656-737-1726
Fax: 656-737-1727
E-mail: usapeec_sing@pacific.net.sg

U.S. Meat Export Federation
#15-03 Liat Towers
541 Orchard Road
Singapore 238881
Tel: 656-733-4255-6
Fax: 656-732-1977
E-mail: singapore@usmef.com.sg

U.S. Wheat Associates
#15-02 Liat Towers
541 Orchard Road
Singapore 238881
Tel: 656-737-4311
Fax: 656-733-9359
E-mail: msamson@uswheat.org

Wine Institute of California

United States Potato Board

Block 3 Alexandra Distripark
Unit 08-22 Pasir Panyang Road
Singapore 118383
Tel: 656-278-3832
Fax: 656- 278-4372
E-mail: Richelieu@lieumktg.com.sg

Block 3 Alexandra Distripark
Unit 08-22 Pasir Panyang Road
Singapore 118383
Tel: 656-278-3832
Fax: 656- 278-4372
E-mail: Richelieu@lieumktg.com.sg

Pear Bureau Northwest
Block 3 Alexandra Distripark
Unit 08-22 Pasir Panyang Road
Singapore 118383
Tel: 656-278-3832
Fax: 656- 278-4372
E-mail: Richelieu@lieumktg.com.sg

Raisin Administrative Committee
Block 3 Alexandra Distripark
Unit 08-22 Pasir Panyang Road
Singapore 118383
Tel: 656-278-3832
Fax: 656- 278-4372
E-mail: Richelieu@lieumktg.com.sg

California Pistachio Commission
California Table Grape Commission
California Tree Fruit Agreement
Block 3 Alexandra Distripark
Unit 08-22 Pasir Panyang Road
Singapore 118383
Tel: 656-278-3832
Fax: 656- 278-4372
E-mail: Richelieu@lieumktg.com.sg

Washington Apple Commission
208 Ram-Inthra Soi 19, Ram-Inthra Road
Bankhen, Anusao-waree
Bangkok 10220, Thailand
Tel. 662-521-2170
Fax. 662-970-8208
E-mail: pt@waapples.com

Northwest Cherry Board
208 Ram-Inthra Soi 19, Ram-Inthra Road
Bankhen, Anusao-waree
Bangkok 10220, Thailand
Tel. 662-521-2170
Fax. 662-970-8208
E-mail: pt@waapples.com

D) American Chamber of Commerce in Thailand

The American Chamber of Commerce in Thailand serves as point of contact and exchange for members of the American business community, it also serves as a valuable resource of information and interaction for members. The Chamber has an active Food & Agribusiness Committee, which represents the interests of Chamber member firms on issues concerning food, agriculture, and agribusiness. The Committee also aims to promote dialogue on these issues between the American food and agricultural community and Thai decision-makers in the public and private sectors.

7 th Fl., GPF Witthayu (Old Diethelm Building) Tower A
93/1 Wireless Road,
Lumpini, Pathumwan,
Bangkok 10330
Tel. (662) 254-1041
Fax (662) 251-1605
E-mail: info@amchamthailand.com

Key Contact(s):
Judy Benn, Executive Director

E) Thai Government

These are the major regulatory government agencies that deal with food and agricultural products.

Food & Drug Administration, Ministry of Public Health

Import License, Product Registration & Label Approval
Food Control Division
Tivanont Road, Muang
Nonthaburi 11000
Tel. (662) 590-7178
Fax (662) 591-8460
E-mail: food@fda.moph.go.th

Food Products from Animals
Tivanont Road, Muang
Nonthaburi 11000
Tel. (662) 590-7207/8
E-mail: food@fda.moph.go.th

Food Products from Plants
Tivanont Road, Muang
Nonthaburi 11000
Tel. (662) 590-7023
E-mail: food@fda.moph.go.th

Chemicals and Food Additives
Tivanont Road, Muang
Nonthaburi 11000
Tel. (662) 590-7209, 590-7219
E-mail: food@fda.moph.go.th

Food for Special Purposes and Food Supplement
Tivanont Road, Muang
Nonthaburi 11000
Tel. (662) 590-7205, 590-7098
E-mail: food@fda.moph.go.th

Other Food Products
Tivanont Road, Muang
Nonthaburi 11000
Tel. (662) 590-7220
E-mail: food@fda.moph.go.th

Food Inspection
Inspection Division
Tivanont Road, Muang
Nonthaburi 11000
Tel. (662) 590-7323
Fax (662) 591-8477
E-mail: food@fda.moph.go.th

Department of Medical Sciences, Ministry of Public Health
Food Analysis
Food Analysis Division
Department of Medical Sciences
Soi Bumratnaradul Hospital
Muang, Nonthaburi 11000
Tel. (662) 951-0000 Ext. 9561
Fax (662) 951-1023

Department of Foreign Trade, Ministry of Commerce

Import Control
Commodity Trade Division
Sanam Bin Nam-Nonthaburi Road
Nonthaburi 11000
Tel. (662) 547-4737
E- mail: cdtdft@moc.go.th

Commodity Division
Sanam Bin Nam-Nonthaburi Road
Nonthaburi 11000
Tel. (662) 547-4801

Grain Division
Sanam Bin Nam-Nonthaburi Road
Nonthaburi 11000
Tel. (662) 5474820

Department of Livestock, Ministry of Agriculture and Cooperatives

Animal Quarantine Inspection Services
Phyathai Road
Bangkok 10400
Tel. (662) 653-4444 Ext. 4110
Fax (662) 653-4865
E-mail: dcontrol8@dld.go.th

Bangkok Seaport Animal Quarantine Station
Klong Toey Port
Bangkok 10110
Tel. (662) 249-2112
Fax (662) 249-4358

Bangkok Airport Animal Quarantine Station
Suvarnabhumi Airport
Bangkok
Tel. (662) 134-0731-2
Fax (662) 134-0733

Department of Fisheries, Ministry of Agriculture & Cooperatives
Marine Animals
Chief of Fisheries Administration &
Management Section
Fisheries Resources Conservation Division
Kasetsart University, Chatuchak
Bangkok 10900
Tel. (662) 562-0600/15 Ext 3509
Fax (662) 562-0528
E-mail: fishtradeins@dof.thaigov.net

Department of Agriculture, Ministry of Agriculture and Cooperatives
Plant Quarantine Subdivision
Agricultural Regulatory Division
Chatuchak, Bangkok 10900
Tel. (662) 940-6573, 940-6670 Ext. 108
Fax (662) 579-4129
E-mail: ard@doa.go.th

Excise Department, Ministry of Finance
License of Alcoholic Beverages
License Subdivision
Bureau of Tax Administration 1
Excise Department
1488 Nakhon Chaisri Road
Bangkok 10300
Tel. (662) 243-0525

Department of Intellectual Property, Ministry of Commerce
Application for Patent and Trademark
Services and Information Division
Department of Intellectual Property
338 Rachadapisek Road
Huay Kwang, Bangkok 10320
Tel. (662) 275-4854
Fax (662) 276-0061

Customs Department, Ministry of Finance

Import Formalities Division
Klong Toey, Bangkok 10110
Tel. (662) 249-4266, 671-5250
Fax (662) 249-4297

Legal Affairs Bureau
Klong Toey, Bangkok 10110
Tel. (662) 671-7560 Ext. 9310, 9311
Fax (662) 671-7626

Appendix I. Statistics

TABLE A. KEY TRADE & DEMOGRAPHIC INFORMATION

Agricultural Imports From All Countries ($Mil) / U.S. Market Share (%)	$3,813 Mil/20%
Consumer Food Imports From All Countries ($Mil)/U.S. Market Share (%)	$1,146 Mil/15%
Edible Fishery Imports From All Countries ($Mil) / U.S. Market Share (%)	$1,364 Mil/2%
Total Population (Millions) / Annual Growth Rate (%)	65 Mil/0.04%
Urban Population (Millions) Annual Growth Rate (%)	5.7 Mil/0.44%
Number of Major Metropolitan Areas	37 provinces
Size of the Middle Class (Millions) / Growth Rate (%)	1.57 Mil/5.86%
Per Capita Gross Domestic Product (U.S. Dollars)	$1,425
Unemployment Rate (%)	1.7%
Per Capita Food Expenditures (U.S. Dollars)	$331
Percent of Female Population Employed	65%
Exchange Rate	US$1=40.22

TABLE B. CONSUMER FOOD & EDIBLE FISHERY PRODUCT IMPORTS

Thailand Imports (In Thousands of Dollars)	Imports from the World			Imports from the U.S.			U.S. Market Share		
	2003	2004	2005	2003	2004	2005	2003	2004	2005
CONSUMER-ORIENTED AGRICULTURAL TOTA	828,770	1,007,695	1,145,916	113,961	141,014	166,216	13.75	13.99	14.51
Snack Foods (Excl. Nuts)	38,096	42,374	46,487	3,187	3,942	3,646	8.37	9.30	7.84
Breakfast Cereals & Pancake Mix	13,936	16,204	20,114	375	439	712	2.69	2.71	3.54
Red Meats, Fresh/Chilled/Frozen	4,641	5,879	7,990	842	18	31	18.15	0.30	0.38
Red Meats, Prepared/Preserved	2,042	2,745	2,421	365	133	183	17.85	4.86	7.54
Poultry Meat	95	33	169	95	10	164	100.00	30.49	97.17
Dairy Products (Excl. Cheese)	239,007	281,735	323,294	13,605	17,397	27,953	5.69	6.17	8.65
Cheese	8,373	10,441	10,845	274	316	234	3.27	3.02	2.16
Eggs & Products	1,118	1,937	3,535	114	100	94	10.16	5.16	2.65
Fresh Fruit	90,485	92,784	100,163	18,737	15,023	18,178	20.71	16.19	18.15
Fresh Vegetables	27,965	38,896	40,207	541	238	67	1.93	0.61	0.17
Processed Fruit & Vegetables	54,201	84,013	105,049	17,473	27,158	27,350	32.24	32.33	26.04
Fruit & Vegetable Juices	9,444	10,433	12,322	1,670	1,917	2,650	18.00	18.38	21.51
Tree Nuts	10,077	12,767	16,051	3,360	5,305	7,624	33.34	41.56	47.50
Wine & Beer	10,900	17,483	19,997	361	621	657	3.31	3.55	3.29
Nursery Products & Cut Flowers	1,695	1,984	2,396	47	31	12	2.78	1.56	0.52
Pet Foods (Dog & Cat Food)	13,073	14,561	16,316	4,440	4,587	5,276	33.96	31.5	32.34
Other Consumer-Oriented Products	303,622	373,426	418,560	48,475	63,779	71,385	15.97	17.08	17.05
FISH & SEAFOOD PRODUCTS	1,041,968	1,188,967	1,363,834	15,665	36,988	29,488	1.50	3.11	2.16
Salmon	26984	33,342	39,338	4,145	5,446	6,455	15.36	16.33	16.41
Surimi	920	3,427	12,530	0	188	178	0.03	5.49	1.42
Crustaceans	193,447	146,741	126,973	3,642	3,772	5,036	1.88	2.57	3.97
Groundfish & Flatfish	189,815	259,945	256,819	3,284	23,218	8,062	1.73	8.93	3.14
Molluscs	69,998	71,390	77,720	115	359	352	0.16	0.50	0.45
Other Fishery Products	560,803	674,121	850,454	4,480	4,005	9,405	0.80	0.59	1.11
AGRICULTURAL PRODUCTS TOTAL	3,184,408	3,465,222	3,812,874	703,258	635,306	777,376	22.08	18.33	20.39
AG, FISH & FORESTRY TOTAL	4,116,106	4,660,051	5,232,629	734,998	669,761	818,453	17.86	14.37	15.64

Source: Global Trade Atlas and USDA Bangkok, Thailand

TABLE C. TOP 15 SUPPLIERS OF CONSUMER FOODS & EDIBLE FISHERY PRODUCTS

Thailand - Top 15 Suppliers

CONSUMER-ORIENTED AGRICULTURAL IMPORTS

$1,000	2003	2004	2005
China	120,588	142,894	172,604
United States	113,894	141,004	166,050
New Zealand	121,344	132,911	147,324
Australia	75,962	84,416	116,343
Netherlands	54,438	69,750	81,541
Malaysia	29,238	36,167	44,771
Singapore	17,607	26,243	41,447
Indonesia	23,833	35,535	36,490
France	30,266	34,123	35,988
United Kingdom	24,359	33,755	34,275
Japan	24,388	28,250	32,660
Germany	26,020	32,579	24,354
Czech Republic	20,799	17,701	21,524
Philippines	14,649	16,427	19,527
Denmark	11,449	12,717	16,366
Other	119,839	163,188	154,483
World	828,675	1,007,661	1,145,747

Source: Global Trade Atlas and USDA Bangkok, Thailand

FISH & SEAFOOD PRODUCTS

	2003	2004	2005
Indonesia	154,281	197,786	220,624
Taiwan	101,226	133,657	155,197
Japan	99,586	72,824	137,845
Vanuatu	27,924	105,547	119,301
Korea South	29,964	42,307	60,846
Myanmar	14,797	56,710	55,960
Chile	27,509	33,517	47,812
Maldives	25,167	32,137	45,241
China	33,760	44,358	44,519
Micronesia	51,055	43,508	43,004
Vietnam	29,022	20,714	32,487
United States	15,665	36,988	29,488
Russia	28,946	18,424	28,863
Marshall Islands	28,223	18,222	25,346
Canada	32,597	33,541	24,721
Other	342,244	298,727	292,583
World	1,041,968	1,188,967	1,363,834

TABLE D. GDP Growth Rate (%)

GDP Growth (%)

		2005				2006	
	2005	Q1	Q2	Q3	Q4	Q1	Q2
Agriculture	-2.4	-8.7	-4.2	4.1	-0.2	6.3	5.4
Non-agriculture	7.2	7.7	7.7	7.1	6.5	6.1	4.8
GDP	6.1	6.7	6.4	6.1	5.3	6.1	4.9
GDP (Seasonally Adjusted)	6.1	1.4	0.8	1.7	1.5	0.8	1

Source: Office of the National Economic and Social Development Board, September 2006

TABLE E. Economic Projection of 2006

Economic Projection of 2006	Preliminary			Projection 2006		
	2003	2004	2005	6-Mar-06	5-Jun-06	4-Sep-06
GDP (at current price: Bil.Bht)	5,929.0	6,503.5	7,104.2	7,777.7	7,750.7	7,831.3
GDP Growth (at constant price, %)	7.0	6.2	4.5	4.5-5.5	4.2-4.9	4.2-4.7
Investment (at constant prices, %)	12.1	13.8	11.4	8.7	4.7	4.3
Private (at constant prices, %)	17.7	16.3	11.2	9.3	4.9	4.4
Public (at constant prices, %)	(0.7)	6.8	11.9	6.8	4.0	4.0
Consumption (at constant prices, %)	5.8	5.7	5.4	4.5	3.5	3.3
Private (at constant prices, %)	6.4	5.9	4.4	4.2	4.0	3.8
Public (at constant prices, %)	2.3	4.7	12.2	6.2	0.8	0.8
Export volume of goods&services (Volume, %)	7.0	9.6	4.4	7.8	8.7	8.7
Export value of goods (Bil.USD)	78.1	94.9	109.2	125.9	124.1	124.5
Growth rate (%)	18.2	21.6	15.0	15.3	13.6	14.0
Growth rate (Volume, %)	9.5	8.4	4.3	6.8	8.4	8.8
Import volume of goods&services (Volume, %)	8.5	13.5	9.4	7.0	4.9	3.1
Import value of goods (Bil.USD)	74.3	93.5	117.8	135.5	130.2	128.2
Growth rate (%)	17.4	25.7	26.0	15.0	10.5	8.8
Growth rate (Volume, %)	10.7	12.3	8.9	6.0	2.9	1.2
Trade balance (Bil.USD)	3.8	1.5	(8.6)	(9.6)	(6.1)	(3.7)
Current account balance (Bil.USD)	8.0	6.6	(3.7)	(4.0)	(1.0)	1.3
Current account to GDP (%)	5.6	4.1	(2.0)	-(2-2.5)	(0.5)	0.6
Inflation (%)						
CPI	1.8	2.7	4.5	3.5-4.5	4.5-4.7	4.5-4.7
GDP Deflator	1.9	3.3	4.6	4.5	4.5	5.0
Unemployment rate (%)	2.0	2.0	1.7	1.8	1.8-2.0	1.8-2.0

Source: Office of the National Economic and Social Development Board, September 2006

TABLE F. EXCHANGE RATE (2000-2005)

Exchange Rates						
(Baht per unit of US Dollar annual average)	2000	2001	2002	2003	2004	2005
US$	40.11	44.43	42.96	41.49	40.22	40.22

Source: Bank of Thailand

End of Report.